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Indiana Department of Financial Institutions

# CHECK IT OUT



Take Home Guide

Building: Knowledge,  
Security, and Confidence

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FINANCIAL EDUCATION CURRICULUM

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# Money Smart

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The *Money Smart* curriculum is brought to you by the Indiana Department of Financial Institutions/Federal Deposit Insurance Corporation (FDIC). The *Money Smart* program includes the following courses:

- **Your Rights**  
your rights as a consumer
- **Bank On It**  
an introduction to bank services
- **Check It Out**  
how to choose and keep a checking account
- **Money Matters**  
how to keep track of your money
- **Pay Yourself First**  
why you should save, save, save
- **Borrowing Basics**  
an introduction to credit
- **To Your Credit**  
how your credit history will affect your credit future
- **Charge It Right**  
how to make a credit card work for you
- **Your Own Home**  
what homeownership is all about
- **Loan to Own**  
know what you're borrowing before you buy

# Check It Out

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Welcome to Check It Out! A checking account is an account that lets you write checks to pay bills and buy goods. The financial institution takes the money from your account and pays it to the person or company named on the check. You can also deposit and withdraw money from your checking account. The financial institution sends you a monthly statement of your deposits, checks written, and all of your other withdrawals.

Checking accounts can provide you with convenience, cost savings, safekeeping of your money, and a way to help budget your money. When you have completed this course, you will know how to compare checking accounts, open a checking account, use the money in a checking account, write a check, and keep records for a checking account.

See the Indiana Department of Financial Institutions' Web Sites on Checking Accounts at: [http://www.dfi.state.in.us/conscredit/checking\\_account\\_information.htm](http://www.dfi.state.in.us/conscredit/checking_account_information.htm).

## Determine Your Checking Account Needs

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When deciding on a checking account, remember financial institutions offer different types of checking accounts. To determine what you need, think about how you plan to use your checking account. The following questions will help you determine what you need in a checking account.

### **Convenience:**

1. How many checks do you think you will write every month?
2. Do you want a bank that is close to your home or work?
3. What are the bank's hours of operation?
4. Will you use the ATM often?
5. Does the bank have ATMs close to where you live or work?
6. How often do you plan to visit the bank to use teller services?
7. What other bank services are important to you?

### **Cost:**

1. How much money will you keep in your account?
2. Will you be charged for writing extra checks?
3. Are you willing to pay a monthly fee?
4. If so, how much?
5. Will you be charged to use your bank's ATMs?
6. Will you be charged for using other banks' ATMs?
7. Will you be charged for using teller services?
8. Are there ways to avoid paying fees?

# **Checking Account Fees**

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Ask the financial institution for the fee schedule for checking accounts. Compare the costs of the various accounts you are considering. Ask the financial institution whether fees can be waived and how to avoid fees. Some of the fee may include:

## **Monthly Service Fee**

Also called a maintenance fee. The financial institution might charge a fee each month just for having the account. You might also be charged a fee if your balance drops below the required minimum.

## **Per Check Fee**

Some accounts charge a fee for each check you write. Depending on the account, you might pay the fee for each check or only when you write more than a certain number of checks (perhaps ten) a month.

## **Check Printing Fee**

You can buy checks from the financial institution or through the mail from other companies. If you buy checks from the financial institution, the charge for printing the checks is usually automatically deducted from your checking account. Fancy checks cost more than basic checks. You can buy more than one box at a time. Carbon copy checks are an option.

## **ATM-Use Fee**

You might be charged each time you use the ATM or each time you use an ATM at a bank other than your own.

## **Overdraft Fee**

Also called nonsufficient funds (NSF) fee. Expensive fees apply when you bounce a check. The bank will notify you if a check is returned to the person or company to whom it was issued because there were insufficient funds in the account. Your bank will charge a processing fee to your account because of the cost of returning the check. Merchants might also charge a fee if a bounced check is used to purchase goods or services. The fee charged is usually posted near the cashier.

## **Returned Deposit Item**

Banks might charge a fee if a check you deposit in your account bounces.

### **Stop-Payment Fee**

If you lose a check or need to make sure a check is not paid by the bank for some other reason, you can request a “stop payment.” There is a fee for this service and the bank might not be able to catch the check before it is paid.

### **Phone Inquiry Fee**

Some banks charge a fee if you call to check your balance or to see if a check or deposit has cleared.

### **Fee for Helping you Balance your Checkbook.**

Some banks will help you balance your check book. Some might charge you for this service.

## **Types of Checking Accounts**

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After you determine what you need in a checking account and understand the different fees involved, you might be ready to pick the type of account you should open. Keep in mind that banks sometimes refer to these accounts by different names. Before making a decision, read the materials (disclosures), ask questions, and understand which checking account best fits your needs. The main types of checking accounts include:

### **Low-cost Checking**

Many banks offer low-cost checking for people who don't write a lot of checks. The charge is often less than \$5 per month. There might be a limit to the number of checks you can write without an additional charge.

### **ATM-Checking**

Some banks offer an ATM-checking account for you at reduced-cost or a free checking account if you do all of your banking by phone and ATM. This type of account usually requires you use direct deposit. The bank might charge you a fee if you use the services of a teller. This type of account usually offers unlimited check writing privileges, in other words, there are no additional charges based on the number of checks you write.

### **Regular Checking**

With a regular checking account, there is often a minimum balance required to waive the monthly service fee. This type of account usually offers unlimited check writing privileges.

### **Interest Checking**

There are different interest-bearing accounts, such as the Negotiable Order of Withdraw (NOW) account and the Money Market Deposit Account (MMDA). With these accounts, you usually need to maintain a high minimum balance in order to earn interest and avoid fees. The minimum balance is often at least \$1,000.



## Choosing a Checking Accounts

When looking for a checking account, take this checklist with you. Below are the types of checking accounts and some questions that will help you choose the checking account that is right for you. Remember to refer to the questions you answered on page 4. Compare your needs with what each account has to offer. Remember you will generally need three things when you open your checking account: 1) picture identification, 2) Social Security number, and 3) money to put in the account.

	Bank A	Bank B	Bank C
Name of Bank			
<b>Low-cost checking</b> * Monthly fee? * Number of free checks per month			
<b>ATM-checking</b> * Paycheck direct deposit? * Monthly fee? * Fee for teller services? * Unlimited check writing?			
<b>Regular checking</b> * Minimum balance or monthly fee? * Unlimited check writing?			
<b>Interest checking accounts</b> * Minimum balance or monthly fee? * Amount of Interest? * Transaction restrictions?			
What, if any, fees will be charges? (refer to checking account fees)			
Is it close to your home or work?			
Does that bank offer other services that are important to you?			

**Notes:**

## Check Register

Record each time you put money into your account, write a check, or take money out of your account.

1 ↓	2 ↓	3 ↓	4 ↓	5 ↓	6 ↓	7 ↓	
Check Number	Date	Description of Transaction	Payment/ Debit (-)	✓	Fee	Deposit/ Credit (+)	Balance

1. **Check Number:** If you are writing a check, record the check number in this column. Otherwise, leave it blank.
2. **Date:** Record the date you wrote a check, made a deposit, took money out (made a withdrawal), or were charged a service fee.
3. **Description of Transaction:** Record items such as who you wrote the check to, reason for the deposit, or the location of the withdrawal (such as ATM or debit card).
4. **Payment/Debit (-):** Record the dollar amount of checks written, ATM withdrawals, or debit card transactions. ✓: Check when debits are shown on monthly statement.
5. **Fee:** Record any fees charged, such as a monthly maintenance fee or an ATM fee.
6. **Deposit/Credit (+):** Record any deposits or credits made to your account.
7. **\$ Balance:** Add any deposits or credits and subtract any fees, payments or other debits to your account.

# Practice Check Register

Below is a check register for the class exercise.

Check Number	Date	Description of Transaction	Payment/ Debit (-)	✓	Fee	Deposit/ Credit (+)	Balance

# Writing a Check

The diagram shows a check form with the following fields and numbered boxes:

- Box 1:** Points to the **Date:** field.
- Box 2:** Points to the address fields: **YOUR NAME**, **YOUR ADDRESS**, and **YOUR PHONE NUMBER**.
- Box 3:** Points to the **\$** symbol and the amount box.
- Box 4:** Points to the **Dollars** field.
- Box 5:** Points to the **Memo** field.
- Box 6:** Points to the signature line.

The check form includes the following text and fields:

- Top Left:** YOUR NAME, YOUR ADDRESS, YOUR PHONE NUMBER
- Top Right:** 105
- Date:** \_\_\_\_\_
- Top Right Corner:** 00-6789 / 770
- Pay to the Order of:** \_\_\_\_\_
- Amount:** \$ \_\_\_\_\_
- Dollars:** \_\_\_\_\_
- Financial Institution:** FINANCIAL INSTITUTION, City, State, Zip Code
- Memo:** \_\_\_\_\_
- Bottom:** ;000000000 ;0000 0000 0 000 0 0.;

## Complete the Following Areas When Writing a Check

1. **Date:** Write the date.
2. **Pay to the Order of:** Write the name of the person or company to whom you will give the check. After writing the name, you can draw a line to the end. This prevents anyone from adding an additional name on your check.
3. **\$:** Write the amount of the check in numbers, such as \$19.75.
4. **Dollars:** Write the amount of the check in words, such as, nineteen and 75/100. After writing out the amount of the check, draw a line to the end. This prevents anyone from adding an additional amount after what you have written.
5. **Memo:** This section is optional. You can use this area to remind yourself why you wrote the check or to record the account number of the bill you are paying.
6. **Signature line:** Sign your name.

## Check Writing Tips

- \* Write in ink.
- \* Write clearly.
- \* Record each check in your check register.

## Practice Checks

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YOUR NAME		105
YOUR ADDRESS		
YOUR PHONE NUMBER	Date: _____	<u>00-6789</u> 770
PAY TO THE ORDER OF _____		\$ <input type="text"/>
_____		Dollars
<b>FINANCIAL INSTITUTION</b>		
City, State, Zip Code		
Memo _____		
;00000000 ;0000 0000 0 000 0 0.;		

YOUR NAME		105
YOUR ADDRESS		
YOUR PHONE NUMBER	Date: _____	<u>00-6789</u> 770
PAY TO THE ORDER OF _____		\$ <input type="text"/>
_____		Dollars
<b>FINANCIAL INSTITUTION</b>		
City, State, Zip Code		
Memo _____		
;00000000 ;0000 0000 0 000 0 0.;		

# Practice Deposit Slips

<b>DEPOSIT TICKET</b>	YOUR NAME YOUR ADDRESS YOUR PHONE NUMBER			<b>CHECKS</b>	CURRENCY	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> </table>																								
	DATE _____				COIN																									
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL			_____																											
SIGN HERE IF CASH RECEIVED FROM DEPOSIT _____			OR TOTAL FROM REVERSE																											
YOUR FINANCIAL INSTITUTION YOUR CITY, STATE, ZIP CODE			SUBTOTAL																											
DO NOT USE FOR AUTOMATIC PAYMENT OR CHECK TRANSACTIONS			LESS CASH RECEIVED																											
:00000000 : 00000 00000.:			NET DEPOSIT																											

<b>DEPOSIT TICKET</b>	YOUR NAME YOUR ADDRESS YOUR PHONE NUMBER			<b>CHECKS</b>	CURRENCY	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td><td style="width: 20px;"></td><td style="width: 20px;"></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> </table>																								
	DATE _____				COIN																									
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL			_____																											
SIGN HERE IF CASH RECEIVED FROM DEPOSIT _____			OR TOTAL FROM REVERSE																											
YOUR FINANCIAL INSTITUTION YOUR CITY, STATE, ZIP CODE			SUBTOTAL																											
DO NOT USE FOR AUTOMATIC PAYMENT OR CHECK TRANSACTIONS			LESS CASH RECEIVED																											
:00000000 : 00000 00000.:			NET DEPOSIT																											

## Back of Deposit Slip

cents	Dollars	checks list singly	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL	ENTER TOTAL ON THE FRONT OF THE TICKET

# Checking Account Statement

Here is the checking account statement from the scenario in class. You can see that the front of the checking account statement list the transactions made for this one-month time period.

Your Bank Street Address City, State, Zip Code		Your Name Street Address City, State, Zip Code Account Number 00000000	
<b>Summary of Account Activity</b>			
For period ending		3/20	
Date of last statement		2/20	
Date	Transaction Description	Withdrawal/ Deposit Amount	Balance
2/20	Opening Balance Deposit	\$ 200.00	\$ 200.00
2/26	Check #105	-19.75	180.25
3/12	ATM Withdrawal	-100.00	80.25
3/18	Monthly Fee	-5.00	75.25
<b>Cleared Checks</b>			
<b>Check #</b>		<b>Amount</b>	
105		19.75	
<b>Summary</b>			
Previous Balance	Total Deposits	Total Withdr.	No. of Checks
\$200.00	\$0	\$124.75	1
			No. ATM Transactions
			1
			No. of Deposits
			0
			Service Charge
			\$5.00
			New Balance
			\$ 75.25

## Reconciling Your Checking Account

When you get your monthly statement, there will usually be a difference between the statement balance and your check register balance. Reconciling your account just means to find those differences. Here is a chart to help you reconcile your account statement. A chart like this is often found on the back of checking account statements. If you have any questions, contact your bank for help.

WITHDRAWALS OUTSTANDING – NOT CHARGED TO ACCOUNT		Bank balance shown on this statement	\$
Check Number	Check Amount		
		Subtract withdrawals outstanding	\$
		Total	\$
		Add deposits outstanding	\$
			\$
			\$
		Balance	\$
		*This balance should agree with the balance in your check register.	
Total	\$		



## For Further Information

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Indiana Department of Financial Institutions

402 West Washington Street

Indianapolis, Indiana 46204-2759

(317) 232-3955

Email: [dkaye@dfi.state.in.us](mailto:dkaye@dfi.state.in.us)

Web Site: <http://www.dfi.state.in.us>

Banking and Checking Account information at:

<http://www.dfi.state.in.us/conscredit/Clbanking.htm>

Federal Deposit Insurance Corporation (FDIC)

Division of Compliance and Consumer Affairs

550 17th Street, NW

Washington, DC 20429

1-877-275-3342

Email: [consumer@fdic.gov](mailto:consumer@fdic.gov)

Web Site: <http://www.fdic.gov>

# Course Evaluation – Check It Out

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Instructor: \_\_\_\_\_ Date: \_\_\_\_\_

Thank you for your participation in this course. Your responses will help us improve the training for future participants. Please circle the number that shows how much you agree with each statement. Then answer the questions at the bottom of this form. If you have any questions, please feel free to ask your instructor.

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The course was interesting and kept my attention.	1	2	3	4
2. The examples in the course were clear and helpful.	1	2	3	4
3. The activities in the course helped me understand the information.	1	2	3	4
4. The slides were clear and easy to follow.	1	2	3	4
5. The take-home materials were easy to read and useful to me.	1	2	3	4
6. The instructor presented the information clearly and understandably.	1	2	3	4
7. The information / skill taught in the course is useful to me	1	2	3	4
8. I am confident that I can use the information / skill on my own.	1	2	3	4
9. I am satisfied with what I learned from this course.	1	2	3	4

What was the most helpful part of this course?

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What was the least helpful part of this course?

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Would you recommend this course to others?

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Any comments or suggestions?

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# What Do You Know – Check It Out

Instructor: \_\_\_\_\_ Date: \_\_\_\_\_

This form will allow you and the instructor to see what you know about checking accounts both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

## Before-the-Course    After-the-Course

### *I know how to:*

	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. Identify the benefits of using a bank vs. using a check cashing service.	1	2	3	4	1	2	3	4
2. Identify types of checking account fees (e.g. overdraft and maintenance).	1	2	3	4	1	2	3	4
3. Compare types of checking accounts.	1	2	3	4	1	2	3	4
4. Open a checking account.	1	2	3	4	1	2	3	4
5. Write checks.	1	2	3	4	1	2	3	4
6. Use ATM/debit cards.	1	2	3	4	1	2	3	4
7. Keep records for a checking account.	1	2	3	4	1	2	3	4
8. Reconcile a checkbook.	1	2	3	4	1	2	3	4

# ***NOTES***

# ***NOTES***

## Brochures

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The following are Brochures created by the Indiana Department of Financial Institutions on subjects covered in this course.

**Automated Teller Machines or 24-hour Tellers** are electronic terminals that permit you to bank at almost any time of the day or night. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert a special ATM card and enter your personal identification number (PIN).

An access device is a card, code, or other means of gaining access to your account for the purpose of initiating electronic fund transfers. The means may vary from institution to institution, but most use a **PIN** for this purpose. This unique number should be known only to you and to select employees of the financial institution.

Before you contract for electronic funds transfer services or make your first electronic transfer, the institution is required to disclose to you the following information in a form you can keep.

- ◆ A summary of your liability for unauthorized transfers.
- ◆ The telephone number and address of the person to be notified when you believe that an unauthorized transfer has been or may be made, along with a statement of the institution's "business days." This information will tell you the number of days you have to report suspected unauthorized transfers.
- ◆ The type of transfers you can make, the amount of any charges for transfers, and any limitations on the frequency and dollar amount of transfers.
- ◆ A summary of your right to receive documentation of transfers, of your right to stop payment on a pre-authorized transfer, and the procedures to follow to stop payment.
- ◆ A notice describing the procedures you must follow to report an error on a receipt for an EFT, how to request more information about a transfer listed on your statement, and the time period in which you must make your report.
- ◆ A summary of the institution's liability to you if it fails to make or stop certain transactions.
- ◆ Circumstances under which the institution will disclose information to third parties concerning your account.

In addition to these disclosures, you will receive for most transactions two other types of important papers -- **terminal receipts and periodic statements**. (Separate rules apply to passbook accounts from which pre-authorized transfers are drawn. Your contract for that account is the best source of information about those rules.) You are entitled to a terminal receipt each time you initiate an electronic transfer, whether you use an ATM or make a point-of-sale electronic transfer. Among other things, the receipt must show the date and the amount of the transfer and the type of the transfer, such as "transfer from savings to checking." When you make a point-of-sale transfer, you probably will get your terminal receipt from the salesperson. If you make a withdrawal from a

cash-dispensing machine that cannot issue receipts, the institution is required to mail you a receipt on the next business day following the transfer.

## NEW PROVISIONS TO THE ELECTRONIC FUNDS TRANSFER ACT

ATM operators that impose a fee for providing electronic fund transfer services must post a notice in a prominent and conspicuous location on or at the ATM. The operator must also disclose that a fee will be imposed and the amount of the fee, either on the screen of the machine or on a paper notice, before the consumer is committed to completing the transaction. In addition, when the consumer contracts for an electronic fund transfer service, financial institutions are required to provide initial disclosures, including a notice that a fee may be imposed for electronic fund transfers initiated at an ATM operated by another entity.

You also are entitled to a periodic statement for each statement cycle in which an electronic transfer is made. This statement must show, among other things, the amount of any transfer, the date it was credited or debited to your account, the type of transfer and type of account(s) to or from which funds were transferred, and the address and telephone number to be used for inquiries. You are entitled to a quarterly statement even if you made no electronic transfers within that quarter.

Keep and compare your EFT receipts with your periodic statements each month in the same way you compare your credit card invoices with your monthly credit card statement or your checks against your monthly bank statements. Doing so will enable you to make the best use of your rights under federal law to dispute errors and avoid liability for unauthorized transfers.

## ERRORS

You have 60 days from the date a problem or error appears on your periodic statements or terminal receipt to notify your financial institution. The best way to protect yourself in the event of an error (or a lost or stolen ATM or EFT card) is to notify the issuer by certified letter, return receipt requested, so you can prove that the institution received your letter. Keep a copy of the letter you send for your records.

After notification about an error on your statement, the institution has 10 business days to investigate and tell you the results. If the institution needs more time, it may take up to 45 days to complete the investigation -- but only if the money in dispute is returned to your account and you are notified promptly of the credit. At the end of the investigation, if no error is found, the institution may take the money back, if it sends you a written explanation.

If you fail to notify the institution of the error within 60 days, you may have little recourse. Under federal law, the institution has no obligation to conduct an investigation if you have missed the 60-day deadline.

If your failure to notify the institution within the time periods allowed was due to an extenuating circumstance, such as lengthy travel or illness, the issuer must extend the time period for notification to what is reasonable. Also, if state law or your contract imposes lower liability limits, those lower limits apply instead of the limits in the federal EFT Act.

## LOST OR THEFT OF ATM CARD

After reporting the loss or theft of your ATM card, you are not liable for additional unauthorized transfers that may be made. Because these unauthorized transfers may appear on your statements, however, you should carefully review each statement you receive after you report the loss or theft. If the statement shows transfers that you did not make or that you need more information about, contact the institution immediately, using the special procedures provided for reporting errors.

If you report an ATM card missing *before* it's used without your permission, the EFTA says the card issuer cannot hold you responsible for any unauthorized withdrawals. If unauthorized use occurs before you report it, the amount you can be held liable for depends upon how quickly you report the loss. For example, if you report the loss within two business days after you realize your card is missing, you will not be responsible for more than \$50 for unauthorized use.

However, if you don't report the loss within two business days after you discover the loss, you could lose up to \$500 because of an unauthorized withdrawal. You risk *unlimited* loss if you fail to report an unauthorized transfer or withdrawal within 60 days after your bank statement is mailed to you. That means you could lose all the money in your bank account and the unused portion of your line of credit established for overdrafts.

If unauthorized transactions show up on your bank statement, report them to the card issuer as quickly as possible. Once you've reported the loss of your ATM card, you cannot be held liable for additional amounts, even if more unauthorized transactions are made.

## LIMITED STOP-PAYMENT PRIVILEGES

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or if your order is not delivered, it is up to you to resolve the problem with the seller and get your money back -- just as if you had paid cash.

There is one situation, however, in which you can stop payment. If you have arranged regular payments out of your account to third parties, such as life insurance companies, you can stop payment if you notify your institution at least three business days before the scheduled transfer. The notice may be oral or written, but the institution may require a written follow-up to be made within 14 days of the oral notice. Your failure to provide the written follow-up ends the institution's responsibility to stop payment. This right to stop payment does not apply to mortgage

or loan payments you owe to the institution that issued the EFT access device.

Although federal law provides only limited rights to stop payment, individual financial institutions may offer more rights or state laws may require them. If this feature is important to you, you may want to shop around to be sure you are getting the best "stop payment" terms available.

## Protecting Your Cards

The best protections against card fraud are to know where your cards are at all times and to keep them secure. For ATM card protection, it's important to keep your Personal Identification Number (PIN) a secret. Don't use your address, birth date, phone or social security number. Memorize the number. Statistics show that in one-third of ATM card frauds, cardholders wrote their PINS on their ATM cards or on slips of paper kept with their cards.

The following suggestions may help you protect your ATM card accounts.

- Don't carry your PIN in your wallet or purse or write it on your ATM card.
- Never write your PIN on the outside of a deposit slip, an envelope, or on a postcard.
- Take your ATM receipt after completing a transaction.
- Reconcile all ATM receipts with bank statements as soon as possible.

## USING YOUR ATM CARD

ATM cards linked to the PLUS or CIRRUS networks, give you the option of using it to obtain cash virtually anywhere in the U.S. and in over 120 countries worldwide. The CIRRUS Network currently has over 465,000 ATMs worldwide; and the PLUS has 531,000.

When you plan to use your ATM card, make sure that the Cirrus or PLUS networks are readily available where you're going. While Cirrus and PLUS ATMs are increasingly common worldwide, they are still only available at a limited number of banks in selected countries. Your bank should be able to give you a listing of all ATMs available. CIRRUS users can also call (800) 424-7787 for a current list of locations worldwide. The PLUS system has a toll-free ATM locator as well at (800) 843-7587 which lists only U.S. and Canadian ATM locations.

The PLUS network is associated with VISA so your VISA card will usually work at those ATMs as well and vice versa. The Cirrus network is associated with Mastercard and Cirrus ATMs usually accept Mastercard for cash advances and vice versa.

Both CIRRUS and PLUS have ATM locators online as well: [Mastercard/Cirrus ATM Locator](#) [Visa ATM Locator](#)

## Using Your Card Overseas

If you want to use your ATM card overseas, keep in mind that many ATMs abroad, particularly in Europe, do not accept PINs that are longer than **four** digits. If your PIN is longer, you can go to your local bank and have it changed. If your PIN is based on letters rather than numbers, translate the letters into numbers before leaving the country. Most ATMs only had numbers on the keypad. Also, keep in mind that most ATMs abroad will only let you access the primary account on your ATM card.

Cirrus and PLUS ATMs overseas work very much like they work at home. You will probably be charged the same transaction fee, if any, that your bank charges you when using other bank's ATMs. However, you should check with your bank before using your ATM card at non-branch ATMs or abroad. ATM transaction fees are becoming more commonplace and increasingly surcharges are being imposed by both the customer's bank and the ATM's owner as well. Some banks are reportedly charging as much as \$5 per transaction for the use of overseas ATMs, however, most banks have much more reasonable fees.

The biggest advantage of exchanging money with your ATM card is that all cash withdrawals, regardless of size, are exchanged based on the wholesale exchange rate which is usually reserved only for very large interbank exchanges. This rate is often 2-5% better than what you can get from exchanging traveler's checks at a local exchange counter. In addition, local banks or money change bureaus will add on transaction fees which can easily eat up another 2% of your money.

## Tips For ATM Usage at Home and Abroad

- Observe your surroundings - if the machine is poorly lit, or is in a hidden area, use another location.
- Make sure that no one waiting behind you can see you entering your PIN number.
- Don't count your cash while standing at the ATM.
- If you are using an indoor ATM that requires your card to open the door, avoid letting anyone come in with you that you do not know.
- Do not throw away your receipt at the ATM, take it with you.
- If you lose your Visa card or your ATM card, contact the financial institution that issued your card immediately.



# ATM CARDS



## DEPARTMENT OF FINANCIAL INSTITUTIONS

Consumer Credit Division  
402 West Washington Street, Room W066  
Indianapolis, Indiana 46204  
317-232-3955  
1-800-382-4880  
Web Site <http://www.dfi.state.in.us>





As debit cards become increasingly popular, strains are appearing among customers, merchants, and banks.

The problems range from difficulties when the cards are lost or stolen to complaints from merchants that the fees to accept these cards are too high.

## Not All Plastic is Created Equal

New car rental rules represent the first case in which debit cards cannot be used in the same way as credit cards. The big car rental companies, including Hertz and Avis, have recently stopped letting people rent cars using just a Visa Check card or the similar Master Money card from MasterCard. The card companies, and the banks that issue these cards - known as debit cards - are furious. And so are some customers.

For years, the car rental companies have used possession of a credit card as a crude way to weed out potentially risky renters, just as they have usually ruled out renters under the age of 25. But this test does not work with debit cards because banks will now give them to nearly any one with a bank account.

Charges on debit cards, which go under many names, come directly out of a consumer's checking account almost immediately rather than appearing on a monthly credit card statement. In contrast to using a credit card, which the debit

card physically resembles, no loan is involved in the transaction.

Debit cards "provide no qualification of credit-worthiness," a Hertz spokesperson said. Car rental companies believe they are entitled to a certain level of confidence because in car rental, unlike almost any other business, the customer is given total control of a vehicle with an approximate value of \$20,000.

The rental car companies are requiring a customer with only a debit card to follow the same procedures as someone who pays cash to rent a car. That involves making an application several weeks in advance and leaving a substantial deposit.

## Higher Fees?

The new debit cards have become more popular because they are easier to use and more widely accepted than those that require personal identification numbers. Moreover, for the tens of millions of Americans who do not qualify for a credit card, the cards are their first opportunity to put a card with a MasterCard or Visa label in their wallets.

Until recently, such cards also provided the easiest way for such individuals, many of whom have had financial troubles, to rent a car or buy merchandise over the phone.

Banks like the debit cards because transactions on them are less costly to process than paper checks. Also, some banks charge customers a fee for the cards. And for the MasterCard and Visa versions, banks receive a fee from merchants of

about one percent of the purchase price. Retailers, though, have become increasingly unhappy about the growth of these debit cards precisely because they do not want to pay the fee.

Confusingly, a single card can have both a Visa or MasterCard logo and the mark of an automated teller machine network like NYCE or MAC. If a signature is used, rather than a personal identification number, the fee paid by the merchant is higher.

The credit card companies say the higher fee is justified because of the greater risk. Even though both types of transactions involve electronic verification of the amount of money in the consumer's checking account, the card companies say their experience has been that the signature method results in more overdrafts.

For consumers, the debit cards also carry a little more risk. If the card is stolen, a thief can go on a spending spree with the money in the customer's checking account.

Federal law limits liability to \$50 if the cardholder notifies the bank within two days of discovering the missing card. But the bank has up to 20 days to put the money back into the checking account.

See our Brochure on Credit and ATM Cards.



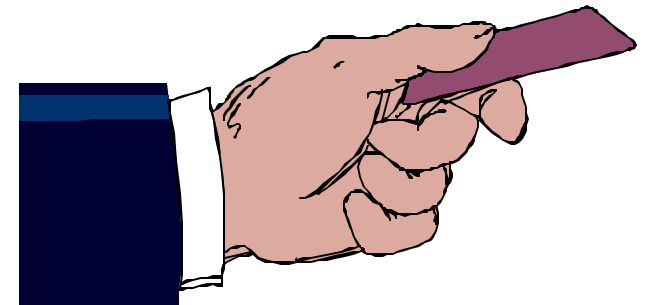
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- Applying for Credit
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- Bankruptcy Facts
- Buried in Debt
- Car Financing Scams
- Charge Card Fraud
- Choosing A Credit Card
- Co-Signing
- Credit and Divorce
- Credit and Older Consumers
- Deep in Debt?
- Equal Credit Opportunity
- Fair Credit Reporting
- Fair Debt Collection
- Gold Cards
- Hang up on Fraud
- High Rate Mortgages
- Home Equity Credit Lines
- How to Avoid Bankruptcy
- Indiana Uniform Consumer Credit Code
- Look Before you Lease
- Mortgage Loans
- Repossession
- Reverse Mortgage Loans
- Rule of 78s – What is it?
- Scoring for Credit
- Shopping for Credit
- Using Credit Cards
- Variable Rate Credit
- What is a Budget?
- What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



# DEBIT VS. CREDIT CARDS



## DEPARTMENT OF FINANCIAL INSTITUTIONS

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## FAST FACTS

- ◆ Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions.
- ◆ An access device is a means of gaining access to your account, such as a card or a code, for the purpose of initiating EFTs. Most institutions use a personal identification number (PIN) for this purpose.
- ◆ Take care of your EFT card. Know where it is at all times and report its loss as soon as possible.
- ◆ Choose a PIN different from your address, telephone number, social security number, or birth date.
- ◆ Keep and compare your EFT receipts with your periodic statements so that you can find and promptly report errors and unauthorized transfers. Prompt reporting is necessary to limit your liability for these problems

To most of us, electronic banking means having 24-hour access to cash through an automated teller machine (ATM) or having our paychecks deposited directly into our checking or savings accounts. But electronic banking offers several other services that you may find useful.

This brochure lists types of consumer transactions that are covered under the federal Electronic Fund Transfer Act (EFT Act), discusses the information financial institutions must disclose, explains what you can do if you find errors on your monthly statements, discusses your liability if your ATM card is lost or stolen, and describes your limited stop-payment privileges.

## ELECTRONIC FUND TRANSFERS

Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. Because EFTs are so convenient, you may wish to know the full range of their services.

**Automated Teller Machines or 24-hour Tellers** are electronic terminals that permit you to bank at almost any time of the day or night. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert a special ATM card and enter your personal identification number (PIN).

**Direct Deposits or Withdrawals** allow you to authorize specific deposits such as paychecks and social security checks to go directly to your account on a regular basis. You also can arrange to have recurring bills, such as insurance premiums and utility bills, paid automatically. This service applies only if you authorize transactions in advance.

**Pay-by-Phone Systems** permit you to telephone your bank (or other financial institutions) with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement in advance with the financial institution to make such transfers.

**Point-of-Sale Transfers** allow you to pay for retail purchases with an EFT (or "debit") card. This is similar to using a credit card, but with one important exception -- the money for the purchase is transferred immediately (or soon thereafter) from your bank account to the store's account. Both MasterCard and Visa, among others, offer debit cards that can be used at participating retailers, and an increasing number of merchants are accepting this type of payment. For example, these transfers are becoming more common at grocery stores, oil companies, and convenience stores. However, because point of sale transfers are still relatively new, they might not yet be widely available at retailers in your region of the country.

## DISCLOSURES

The best way to understand your legal rights and responsibilities regarding your EFT account is to read the documents you receive from the financial institution that issued you the "access device." An access device is a card, code, or other means of gaining access to your account for the purpose of initiating electronic fund transfers. The means may vary from institution to institution, but most use a PIN for this purpose. This unique number should be known only to you and to select employees of the financial institution.

Before you contract for EFT services or make your first electronic transfer, the institution is required to disclose to you the following information in a form you can keep.

- ◆ A summary of your liability for unauthorized transfers.
- ◆ The telephone number and address of the person to be notified when you believe that an unauthorized transfer has been or may be made, along with a statement of the institution's "business days." This information will tell you the number of days you have to report suspected unauthorized transfers.
- ◆ The type of transfers you can make, the amount of any charges for transfers, and any limitations on the frequency and dollar amount of transfers.
- ◆ A summary of your right to receive documentation of transfers, of your right to stop payment on a pre-authorized transfer, and the procedures to follow to stop payment.
- ◆ A notice describing the procedures you must follow to report an error on a receipt for an EFT, how to request more information about a transfer listed on your statement, and the time period in which you must make your report.
- ◆ A summary of the institution's liability to you if it fails to make or stop certain transactions.
- ◆ Circumstances under which the institution will disclose information to third parties concerning your account.

In addition to these disclosures, you will receive for most transactions two other types of important papers -- terminal receipts and periodic statements. (Separate rules apply to passbook accounts from which pre-authorized transfers are drawn. Your contract for that account is the best source of information about those rules.) You are entitled to a terminal receipt each time you initiate an electronic transfer, whether you use an ATM or make a point-of-sale electronic transfer. Among other things, the receipt must show the date and the amount of the transfer and the type of the transfer, such as "transfer from savings to checking." When you make a point-of-sale transfer, you probably will get your terminal receipt from the salesperson. If you make a withdrawal from a cash-dispensing machine that cannot issue receipts, the institution is required to mail you a receipt on the next business day following the transfer.

**New provisions to the EFTA**, effective immediately; compliance mandatory as of October 1, 2001, require ATM operators that impose a fee for providing electronic fund transfer services to post a notice in a prominent and conspicuous location on or at the ATM. The operator must also disclose that a fee will be imposed and the amount of the fee, either on the screen of the machine or on a paper notice, before the consumer is committed to completing the transaction. In addition, when the consumer contracts for an electronic fund transfer service, financial institutions are required to provide initial disclosures, including a notice that a fee may be imposed for electronic fund transfers initiated at an ATM operated by another entity.

You also are entitled to a periodic statement for each statement cycle in which an electronic transfer is made. This statement must show, among other things, the amount of any transfer, the date it was credited or debited to your account, the type of transfer and type of account(s) to or from which funds were transferred, and the address and telephone number to be used for inquiries. You are entitled to a quarterly statement even if you made no electronic transfers within that quarter.

Keep and compare your EFT receipts with your periodic statements each month in the same way you compare your credit card invoices with your monthly credit card statement or your checks against your monthly bank statements. Doing so will enable you to make the best use of your rights under federal law to dispute errors and avoid liability for unauthorized transfers.

## ERRORS

You have 60 days from the date a problem or error appears on your periodic statements or terminal receipt to notify your financial institution. The best way to protect yourself in the event of an error (or a lost or stolen ATM or EFT card) is to notify the issuer by certified letter, return receipt requested, so you can prove that the institution received your letter. Keep a copy of the letter you send for your records.

After notification about an error on your statement, the institution has 10 business days to investigate and tell you the results. If the institution needs more time, it may take up to 45 days to complete the investigation

-- but only if the money in dispute is returned to your account and you are notified promptly of the credit. At the end of the investigation, if no error is found, the institution may take the money back, if it sends you a written explanation.

If you fail to notify the institution of the error within 60 days, you may have little recourse. Under federal law, the institution has no obligation to conduct an investigation if you have missed the 60-day deadline.

If your failure to notify the institution within the time periods allowed was due to an extenuating circumstance, such as lengthy travel or illness, the issuer must extend the time period for notification to what is reasonable. Also, if state law or your contract imposes lower liability limits, those lower limits apply instead of the limits in the federal EFT Act.

After reporting the loss or theft of your ATM card, you are not liable for additional unauthorized transfers that may be made. Because these unauthorized transfers may appear on your statements, however, you should carefully review each statement you receive after you report the loss or theft. If the statement shows transfers that you did not make or that you need more information about, contact the institution immediately, using the special procedures provided for reporting errors.

## LIMITED STOP-PAYMENT PRIVILEGES

When you use an electronic fund transfer, the EFT Act does not give you the right to stop payment. If your purchase is defective or if your order is not delivered, it is up to you to resolve the problem with the seller and get your money back -- just as if you had paid cash.

There is one situation, however, in which you can stop payment. If you have arranged regular payments out of your account to third parties, such as life insurance companies, you can stop payment if you notify your institution at least three business days before the scheduled transfer. The notice may be oral or written, but the institution may require a written follow-up to be made within 14 days of the oral notice. Your failure to provide the written follow-up ends the institution's responsibility to stop payment. This right to stop payment does not apply to mortgage or loan payments you owe to the institution that issued the EFT access device.

Although federal law provides only limited rights to stop payment, individual financial institutions may offer more rights or state laws may require them. If this feature is important to you, you may want to shop around to be sure you are getting the best "stop payment" terms available.

## SUGGESTIONS

If you decide to become an EFT user, remember the following precautions.

◆ Take care of your EFT card. Know where it is at all times and report its loss as soon as possible.

◆ Choose a PIN different from your address, telephone number, social security number, or birth date. Choosing a different number will make it more difficult for a thief to use your EFT card.

◆ Keep and compare your EFT receipts with your periodic statements so that you can find and promptly report errors and unauthorized transfers.

If you believe the institution that issued your EFT access device has failed to fulfill its responsibilities to you under the EFT Act, in addition to informing the issuer, you may wish to complaint to the federal agency that has enforcement jurisdiction over that issuer

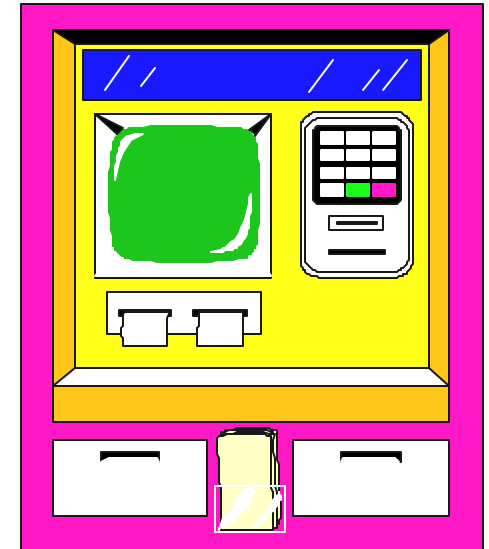
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Hang up on Fraud  
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Look Before you Lease  
Mortgage Loans  
Repossession  
Reverse Mortgage Loans  
Rule of 78s -- What is it?  
Scoring for Credit  
Shopping for Credit  
Using Credit Cards  
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What is a Budget?  
What is the DFI?



# ELECTRONIC BANKING



## DEPARTMENT OF FINANCIAL INSTITUTIONS

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402 West Washington Street, Room W066  
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Congratulations on Your Decision to Open a Bank Account!

Your money is hard earned and a precious commodity. You have decided that a bank is the safest place to store it. The Indiana Department of Financial Institutions strives to help Indiana consumers make educated decisions about managing their money.

To help you, we have developed the following questionnaire. It contains items you may want to consider when deciding which type of bank account to open and at which bank.

Before you begin shopping for a bank account, answer the following questions. It will be helpful for you to know this information when describing your needs to a customer service representative:

- Do I wish to access my funds using checks, or do I only need access to cash occasionally?

(If you would like to pay bills through the mail or want to have the freedom to pay retailers even when you don't have cash with you, you may want to consider opening a checking account.)

- If I plan to open a checking account, about how many checks do I plan to write each month?

(If you plan to make eight or fewer withdrawals each month using an ATM machine or writing a check, a Basic Banking account may be right for you. If you think that you will use your checks or ATM card frequently, look for an account with the most flexible usage agreement.)

- Do I want to save some of my money for a special purpose?

(If so, you may want to ask about a savings account, a CD, or a Holiday or Vacation Club account.)

- How much money am I confident that I am able to maintain in the account at all times?

(Certain checking accounts require you to maintain a certain minimal balance at all times in order to pay lower fees for the bank's services.)

Below, make some notes about other thoughts or questions that you want to share with a customer service representative before deciding which account to open:

Educated consumers "shop-around" to be sure they are getting the best deal. We recommend that you call or visit at least three banks before making a decision. To be sure that you are getting all of the features that

you need, answer the following questions to evaluate and compare the different accounts that you have researched:

Bank No. 1:

Name / location of bank

Is this bank close to my home or my work?

Does this bank operate during hours that are convenient for me, and/or is the bank's ATM (see Glossary) network convenient?

Do any of the employees speak my language?

Does this account offer the services that I need and want?

Does this account pay interest? At what rate?

What fees are associated with this account?

What does the bank charge for overdraft protection (see Glossary)?

What type of identification will I need to open this account?

What is the monthly service charge?

Do I have to maintain a certain balance to avoid paying fees? Can I afford to maintain that balance?

Is this account protected by FDIC insurance? Yes No  
Notes:

Bank No. 2:

Name / location of bank

Is this bank close to my home or my work?

Does this bank operate during hours that are convenient for me, and/or is the bank's ATM (see Glossary) network convenient?

Do any of the employees speak my language?

Does this account offer the services that I need and want?

Does this account pay interest? At what rate?

What fees are associated with this account?

What does the bank charge for overdraft protection (see Glossary)?

What type of identification will I need to open this account?

What is the monthly service charge?

Do I have to maintain a certain balance to avoid paying fees? Can I afford to maintain that balance?

Is this account protected by FDIC insurance? Yes No  
Notes:

Bank No. 3:

Name / location of bank

Is this bank close to my home or my work?

Does this bank operate during hours that are convenient for me, and/or is the bank's ATM (see Glossary) network convenient?

Do any of the employees speak my language?

Does this account offer the services that I need and want?

Does this account pay interest? At what rate?

What fees are associated with this account?

What does the bank charge for overdraft protection (see Glossary)?

What type of identification will I need to open this account?

What is the monthly service charge?

Do I have to maintain a certain balance to avoid paying fees? Can I afford to maintain that balance?

Is this account protected by FDIC insurance? Yes No  
Notes:



# GLOSSARY OF TERMS

**ATM** – Automated Teller Machine. Most banks have machines in its lobbies or at a location outside of the bank that allow customers to use a machine to deposit or withdraw from their account. ATMs are also commonly referred to as "bank machines." When opening an account, customers must obtain an ATM card for access to the ATM.

**Basic Banking Account** –Features may include a minimum initial deposit, a minimum balance, and a minimum number of withdrawal transactions to be permitted during a periodic cycle at no additional charge. The withdrawals may be by check or through the use of a proprietary ATM. Some banking institutions offer low-cost accounts with alternative features referred to by a name other than Basic Banking.

**Overdraft** – Overdrafts occur when customers write checks for more than the balance that exists in their checking account. This is commonly referred to as "bouncing a check." This happens when the customer miscalculates the balance in the account. This is an improper procedure, and banks usually charge a penalty for this. Additionally, the merchant you initially wrote the check out to may impose a fine as well.

**Withdrawal transaction** – Any activity that involves taking money out of your account, resulting in a lower balance in your account. Writing a check and taking money from an ATM are both considered withdrawal transactions.

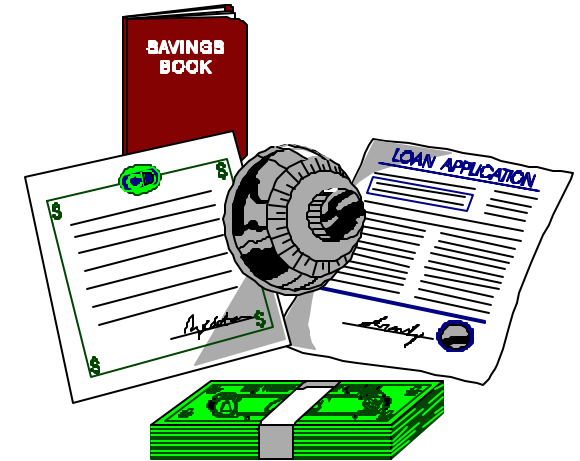


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# OPENING A BANK ACCOUNT



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